

A Report of the Property Disposition Committee

ABANDONED PROPERTY IN BOSTON

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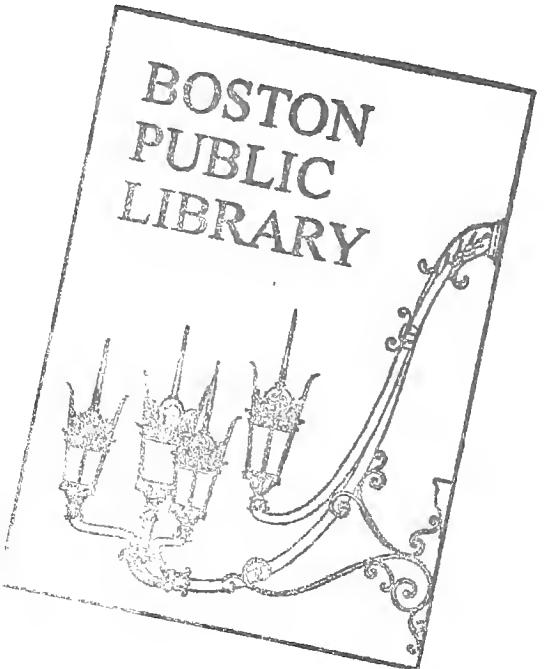
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ABANDONED PROPERTY IN BOSTON

A Progress Report of the Property Disposition Committee

January 1985



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EXECUTIVE SUMMARY

The Flynn Administration has made the reclamation of abandoned housing in Boston's neighborhoods a top priority. The strategy has been to put in place all the elements necessary to achieve a comprehensive, long-term solution to abandonment. To carry out this critical task, Mayor Flynn began by establishing a Property Disposition Committee (PDC) in September. The PDC is a working cabinet of five city officials closely involved in the many aspects of acquiring, disposing and rehabilitating abandoned property.

In its first year the PDC has accomplished the following:

- o established the Clearinghouse, a central office which will provide the public with up-to-date information on abandoned property;
- o undertaken unprecedented data gathering and analysis of abandoned properties. The City now knows more about abandoned buildings and vacant land, including location, tax status, and ownership, than ever before;
- o initiated internal administrative reforms which improve the City's ability to quickly acquire abandoned property and dispose of it to responsible owners and developers;
- o increased financing for rehabilitation of abandoned property;
- o strongly supported successful state legislation which expedites foreclosures and abatements.

What follows is a "report in progress" of the Administration's efforts. First, the report describes the scope of the problem. Second, it explains the context of abandonment. Finally, it outlines the Administration's new directions for eliminating abandonment in Boston.

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I. INTRODUCTION

In Boston there are approximately 800 vacant buildings and 4,000 vacant lots. These highly visible symbols of neglect and abandonment have economically depressing effects on neighborhoods, and pose health and safety hazards for residents. Vacant lots are used as dump sites. Vacant buildings are targets for arsonists, vandals, and frequently become areas for criminal activities. Because vacant properties do not yield taxes, yet require city services such as fire, boarding, and maintenance, they significantly drain the City's financial resources. At a time when the need for decent and affordable housing for people of low and moderate income has reached a state of crisis, thousands of housing units are left abandoned and in disrepair. Boston cannot afford to waste these valuable resources.

The Flynn Administration has taken bold steps to rehabilitate and re-use abandoned property. These initiatives are aimed at promoting home ownership, producing affordable housing units, and fostering constructive use of open space. To meet these goals, the Administration plans to increase community involvement in the process of shaping the future of neighborhoods. This approach constitutes a new way of performing City functions - one that promotes coordination among departments to solve the problems that confront Boston.

The immediate goal is to improve the City's capacity to respond quickly and effectively to break the cycle of abandonment in the neighborhoods. The long term goal is to eliminate abandonment in Boston. The greater the understanding and the broader the community participation in pursuit of these goals, the better the chance of success. The intent of this report is to publicize the proposed changes, place them in context, and stimulate thought and comment on the policies and procedures being developed.

II. THE SCOPE OF THE PROBLEM

Boston is faced with a development paradox. On the one hand, the Downtown area is undergoing unprecedented growth in its office and commercial market. At the same time, some neighborhood areas are scarred with vacant buildings and lots which are symbols of disinvestment by building owners and lending institutions. It is the Administration's goal to redress the imbalance between the Downtown and these neighborhoods.

In neighborhoods with high levels of abandonment, the vacant building and the empty lot (where a building once stood) are symptoms of serious underlying problems, such as physical deterioration, crime, and unemployment, all of which are inter-related. Rehabilitation of abandoned housing is only one part of a multi-faceted approach to revitalize these neighborhoods without displacing existing residents. Other considerations are schooling and job-training, creating employment opportunities, reducing crime, providing city services, and restoring residents' and investors' confidence in their neighborhood.

A plan of action for rehabilitating abandoned buildings, as well as re-using vacant lots, requires an understanding of its scope and cost. The Administration has undertaken an extensive effort to survey and evaluate the problem so that for the first time, the City can plan for rehabilitation.

The City has identified 787 vacant, abandoned buildings (of which 646 are residential) throughout Boston. Although almost every ward in the City is affected by abandonment, some areas experience a greater level of abandonment than others. Indeed, one can say that abandonment is concentrated in certain areas of the City.

As the chart "Abandoned Residential and Commercial Buildings by Ward" and "Vacant Buildings by Ward - 1984" (see Appendix) reveals, the greatest number of vacant buildings are in the following wards: Ward 14 (137 buildings); Ward 12 (69 buildings); Ward 11 (81 buildings); Ward 15 (60 buildings); Ward 9 (68 buildings); Ward 1 (48 buildings); Ward 6 (48 buildings); Ward 7 (52 buildings); Ward 8 (40 buildings); and Ward 13 (30 buildings). Thus, 633 or 80% of the 787 abandoned buildings are concentrated in only ten wards.

Vacant lots reflect a similar geographic pattern. Buildings once stood where empty lots now exist. These buildings were burned or demolished, often after a long process of gradual deterioration. Noteworthy is that few of these buildings were large, multi-family apartment buildings but rather were smaller buildings: 1- to 6-unit structures. The current inventory of abandoned property reflects a similar pattern. The overwhelming number of such buildings are 1- to 6-unit structures.

Finally, it is important to recognize that abandoned properties are at different stages of the disinvestment and foreclosure process. About one-third of the abandoned properties owe no taxes. Only 58 abandoned properties are currently city-owned; most of them are already targeted for rehabilitation through city programs or other means. The remaining 443 properties have or will soon be petitioned for foreclosure by the City. Of these properties some may be eligible for abatements, thus halting the foreclosure process; others may be reclaimed by owners who pay their back taxes; the rest will eventually wind up in City hands. In each case, however, the City will aim to redevelop properties that can be transformed into affordable housing and other productive uses by responsible owners and developers.

III. THE CONTEXT OF ABANDONMENT

Abandonment is a complex, diverse problem. There are three specific stages contributing to the "cycle of abandonment" - that is, the failure to reclaim and reuse abandoned property before it becomes severely deteriorated and brings about more abandonment in the neighborhood. These stages are the acquisition of abandoned property, its disposition to new owners, and its rehabilitation to meet community needs for housing, open space, and jobs.

A. Acquisition

Private owners abandon buildings for a variety of reasons. To minimize deterioration and blight requires a timely process of transferring property to a responsible owner who will rehabilitate and re-use it. Currently, two methods exist for acquisition of abandoned properties. The first method allows the City to acquire a building with unpaid back taxes through the foreclosure process, and then to sell the property to a new owner. In the second method an individual can buy the building from the tax delinquent owner and receive an abatement of part or all of the back taxes so the new owner can afford to rehabilitate the structure.

The main drawback of the foreclosure process is time. It can take over two years between the time the City's Tax Title Division files a foreclosure petition and the state Land Court grants the foreclosure. In part these delays are due to legal processing requirements (see "Foreclosure Process" chart in the Appendix). A major purpose of the processing requirements is to protect the tax-delinquent property owner's rights. However, doing so

can result in substantial delays in putting the property within the reach of public or private assistance. Previously, the laws required that once the decree of foreclosure was granted, the delinquent owner had one full year to appeal the foreclosure decision. During that year, any ownership or disposition of that property by the City was subject to reversal by the delinquent owner if he/she "petitioned to vacate" the Land Court decision by paying the back taxes.

Lack of adequate staff at the state Land Court also contributes to the length of the foreclosure process. In 1983, 3,500 new foreclosure petitions were filed. Of these, 1,830 were from Boston. During the same year the Land Court was able to complete only 1,100 petitions. Two-thirds of the 1,100 were filed in 1982 or earlier. Because of this backlog, a substantial number of the petitions filed either in 1984 or to be filed in 1985 may not be granted for at least a year. As a result of both the legal requirements and the lack of staff, 203 of Boston's 787 abandoned properties are somewhere in the foreclosure process (see "Buildings in the Foreclosure Process" chart in the Appendix).

Another factor contributing to the backlog has been the lack of clear City guidelines in selecting which properties would enter the foreclosure process. Among thousands of tax delinquent properties, the City often responded to random pressures in selecting buildings to move through the process. The result was that a large number of properties, many with little redevelopment potential, occupied the limited capacity of the system. Another unintended result was that a substantial number of vacant residential buildings with great re-use potential did not even enter the foreclosure process.

The City and state Department of Revenue share the responsibility for granting an abatement of back taxes to a new property owner. Like foreclosure, the abatement process has suffered because of delays. The fact that only the Department of Revenue could grant abatements of back taxes on City applications created some bottlenecks in the process. Abatement applications on abandoned properties have thus taken a long time to process and have had an uncertain outcome.

B. Disposition

The City's Real Property Department assumes ownership of all foreclosed property. It manages this property until transferred to the Public Facilities Department, the Boston Redevelopment Authority (BRA) or sold through auction to the highest bidder. The Public Facilities Department and BRA, however, can negotiate sales of foreclosed or surplus properties. Upon taking ownership of the foreclosed property, the Real Property Department assumes full liability for the structure, and in the case of occupied buildings, for the tenants as well. This placed the Department under heavy financial strains and in a property management role that was not its intended function.

In the past, the City, through Real Property, used the "highest bidder" auction process as the primary means of disposing foreclosed property. The intended purpose was to maximize revenues to the City. However, three unintended results frequently occurred. Auctioned properties often sold for low prices, yielding less revenue than possible to the City. Purchasers frequently resold, for a profit, properties that had been obtained cheaply. Finally, many purchasers never rehabilitated deteriorated properties because the auction process included no conditions of sale.

The confusing network of city and state agencies coupled with delays in the foreclosure and abatement processes led to a lack of confidence among neighborhood residents and developers in the City's ability to deal effectively with abandonment. One abandoned building on a block can convince other residents to defer or forego necessary home repairs or can dissuade a developer from investing in potential neighborhood projects. In either case, the belief that "little can be done" about abandonment exacerbates the problem.

C. Rehabilitation

Previously, City funds available for housing rehabilitation were not coordinated with other departments involved in the acquisition and disposition of property. In addition, there was no overall strategy focusing on the problem of abandoned buildings and vacant lots. This lack of planning prevented the City from taking full advantage of other public and private resources.

The unpredictability of the foreclosure, abatement, and auction processes hindered the City's ability to match public subsidy programs to rehabilitate key buildings into affordable housing. Buildings or lots which might have been developed into low or moderate income housing were instead lost through arson, demolition, or auction, or they continued to deteriorate.

Some City programs did successfully redevelop isolated abandoned buildings. These efforts, however, were not part of a neighborhood strategy which recognized abandonment as a critical problem requiring a coordinated allocation of City resources. At that time, most City housing programs focused on necessary, but relatively small scale, homeowner repairs. The cost and complexity of rehabilitating abandoned structures was beyond the scope of the programs. The City's response was primarily reactive; it did not aggressively target subsidies to key structures.

The City could not expect the state and federal governments and the private sector to address the issue of abandonment unless it first took the initiative. Without a strategy for abandonment the City was unable to creatively use other public programs to complement its efforts. It is difficult to calculate the number of "missed opportunities" that resulted from these factors.

IV. NEW DIRECTIONS

The strategy of the Flynn Administration is to put in place all the elements necessary to bring about a comprehensive solution to abandonment. These elements include expanded research and data collection, internal administrative changes, state legislative reform, and increased financing to improve programs for rehabilitating abandoned structures.

To clarify the City's objectives and to coordinate its resources in dealing with the issues of abandonment, the Administration has created the Property Disposition Committee (PDC). The Committee is a cooperative effort of five major departments, each of which is integrally involved in the acquisition, disposition, and/or rehabilitation of abandoned property. The Committee is comprised of: the Directors of the Boston Redevelopment Authority, the Public Facilities Department and the Neighborhood Development and Employment Agency; the Commissioner of the Real Property Department; and the Special Assistant to the Mayor for Housing.

The PDC is the Administration's "working cabinet" on all issues of abandonment, acquisition and disposition of properties. The PDC formulates overall policy and coordinates city departments in the day-to-day implementation of those policies. To carry out these tasks, the PDC has:

- o created "The Clearinghouse," a central office which provides the public with up-to-date information on abandoned property
- o improved the process for acquiring abandoned property by:
 - setting priorities for foreclosure
 - introducing a simplified and standardized abatement process
 - supporting a successful legislative package to expedite foreclosures and abatements

- o improved the disposition process to encourage community involvement and affordable housing by:
 - stopping the "highest bidder" auction process
 - selecting proposals based on community criteria
- o expanded and targeted resources for rehabilitation

A. The Clearinghouse

The Flynn Administration, through the PDC, has taken an important step by creating the Clearinghouse. The function of the Clearinghouse is to provide information on:

- o the status and condition of abandoned property in the City
- o the resources available for rehabilitating abandoned property into affordable housing or other uses
- o the development opportunities in Boston's neighborhoods which involve abandoned property

The Clearinghouse will be located in the Real Property Department, Room 811, City Hall, and will be staffed by representatives from the Public Facilities Department, Real Property Department, Neighborhood Development and Employment Agency, and the Boston Redevelopment Authority. The Clearinghouse will have a complete inventory of all City-owned abandoned and vacant property. Staff members will be able to inform interested parties about which parcels are available for development. If a parcel is available, staff members will explain possible avenues for acquisition and rehabilitation. In its simplest form, the Clearinghouse will be the central location for information regarding which properties are available and how they may be acquired and rehabilitated.

Critical to the functioning of the Clearinghouse is comprehensive and accurate information on all aspects of abandoned property. The Flynn Administration has initiated two programs which will provide city departments

and the public with more accurate information on the physical condition, tax and foreclosure status, ownership, location, and plans for property. These programs are the Abandoned Property Tracking System and the Comprehensive Land Use Information System (CLUIS).

The Abandoned Property Tracking System contains information obtained by two NDEA surveys of vacant lots and abandoned commercial and residential properties. This information, also available on maps, is essential to City efforts to reduce abandonment. For example, the NDEA can now more easily offer "packages" of adjacent City-owned lots for new housing development.

The Abandoned Property Tracking System is the first step in developing CLUIS which will be a comprehensive data base of all property in the City. CLUIS will integrate data from all relevant City departments to promote planning and development efforts.

B. Acquisition

The problems with foreclosure and abatement procedures made it apparent to the Flynn Administration that, if the Property Disposition Committee was to successfully coordinate inter-agency actions and achieve policy goals, it had to improve the manner in which real estate is acquired.

The PDC has spent considerable time and effort to improve the management of the foreclosure process. In the past, the City filed foreclosure petitions without an overall policy. Now the PDC has established clear priorities in selecting abandoned properties for foreclosure. One priority is to quickly process foreclosures of abandoned property for which there is a need or a proposed use.

In particular, vacant residential properties will receive the highest priority, thus, guaranteeing their rapid movement through the foreclosure process.

Improvements of the City's management of the foreclosure process include:

- o surveying all property eligible for foreclosure
- o ranking each property according to development need and potential
- o assigning a high priority to all vacant residential buildings
- o expediting foreclosure for high priority properties

Because the PDC has set standards to prioritize properties in the foreclosure process, it can anticipate which properties will be in City hands. For the first time, the City can plan for the interim ownership and the eventual disposition of foreclosed properties. This "early warning system" assures that the Real Property Department is notified before the foreclosure becomes final. Real Property can then prepare to manage the property, and once foreclosure is complete, work with the Clearinghouse to develop a marketing plan for a smooth and swift transfer to a new owner.

Example:

The survey of properties identified a deteriorated, yet occupied multi-family building about to be granted final foreclosure. For the sake of the tenants, structure, and neighborhood, transfer of the building to a new owner who would be able to retain the tenants was desirable. The NDEA contacted a non-profit housing organization with experience in renovating buildings for low-income tenants. The non-profit organization was willing to relocate the tenants to one of its other buildings, while renovating and managing the multi-family structure. In the interim, the Real Property Department will make necessary repairs and move the property to the Public Facilities Department to be advertised for sale as quickly as possible. The Real Property Department will be reimbursed for the repairs through the eventual sales price. Ultimately, the non-profit organization will obtain the building.

The PDC realized that, because most transfers of property take place between private parties, any changes in procedure aimed at recycling abandoned properties had to address the problems of abating back taxes on privately owned and privately acquired property.

On January 7, Governor Dukakis came to Boston's Codman Square neighborhood to sign pioneering legislation. This legislation helps Boston and other cities reclaim abandoned property (see "House 6374" in Appendix). The Governor acknowledged the crucial role of the Flynn Administration, community organizations and neighborhood leaders, the Boston legislative delegation, and the Greater Boston Real Estate Board in promoting this bill, which was co-sponsored by Senators Joseph Timilty and George Bachrach and Representative Paul White. The key points of the legislation are that it:

- o allows cities to abate all or part of the back taxes on one to six unit abandoned structures being returned to residential use
- o decreases the time in which the previous owner can appeal the final foreclosure on abandoned property from one year to ninety days
- o establishes abatement guidelines which recognize local housing needs

To assist persons who have purchased tax delinquent property from private parties, where back taxes make renovation of the property financially infeasible, the City has improved its processing of abatement applications. In conjunction with the Assessing Department, the PDC has promoted a simplified and standardized abatement process for abandoned properties. This is necessary because many abandoned properties have back taxes which make rehabilitation too costly, and obtaining a mortgage impossible, thereby preventing them from being returned to the tax rolls. This program, called RETAP (Rehabilitation of Tax Abated Properties), has clearly defined standards and provides staff assistance to individuals or groups seeking to rehabilitate abandoned property (see RETAP guidelines in the Appendix).

These legislative changes, coupled with improvements in the City's acquisition procedures, will facilitate the rapid acquisition of thousands of previously "hard to get" abandoned housing units.

C. Disposition

Recognizing the many problems in the "highest bidder" auction, the Commissioner of Real Property, in conjunction with the PDC, decided to halt auctions as the primary means of disposing of foreclosed property. Instead, the City will use a negotiated sales process. This new approach, called the Residential Development Program, operates in the Public Facilities Department in cooperation with the Real Property Department. Abandoned City-owned property -- both buildings and land -- will now be advertised for proposals from individuals and from profit and non-profit developers. Successful proposals will be chosen on the basis of guidelines which emphasize affordable housing, neighborhood compatibility, financial feasibility, and capacity to carry out the project.

Example:

A vacant lot in a residential area was offered for sale through the Residential Development Program. The choice was between a local investor in real estate who owned an adjacent lot and proposed to build on both, at a future date, and an abutter on the other side. The abutter, with the aid of some neighborhood children, had been privately operating and financing a community garden on the site for some time. He proposed to expand the garden if allowed to purchase the lot. The neighbors supported the existing garden and its expansion.

Had the property been sold at auction, the abutter probably would have been outbid. The City might have collected a higher sales price, but neighborhood residents would not have had a voice in the type of development that occurred, if indeed any development would have taken place at all. Through the Residential Development Program, the property has been transferred to the abutter for expansion of the community garden.

This new method of offering property for sale also enables the City to attach conditions and select proposals from individuals and organizations willing to accept those conditions.

Example:

A tenanted two-family house had been owned by the City for several years. The City previously had charged the elderly, low-income tenants a nominal rent, but never addressed maintenance problems such as the lack of heating and adequate plumbing. Responding to this situation the Real Property Department made the necessary repairs. Through the Residential Development Program, the property was sold with restrictions: to maintain the tenants at affordable rents, and to reimburse their out-of-pocket expenses for repairs.

Since the Residential Development Program began in September of 1984, PFD has advertised forty-six properties for sale. Disposition transactions have begun on thirty-seven properties. In the coming year, PFD will advertise ten to twenty parcels, bi-weekly, through this mechanism (see "Residential Development Program: Proposal Response Report" in the Appendix). PFD will be working to coordinate the Residential Development Program with financing programs from the NDEA to meet the City objective of creating more affordable housing.

D. Rehabilitation Resources and Strategies

The significant reforms undertaken by the Flynn Administration will make the flow of land and buildings through the foreclosure and abatement systems both faster and more reliable. The orderly, rational, and rapid transfer of property alone will decrease abandonment in the future, as well as allow the City to deal more effectively with the existing problem. For the first time, the City will be able to use abandoned buildings and vacant land as resources to meet neighborhood needs: housing, jobs, and open space.

Over the last year the Flynn Administration has been developing a strategy to do just that. By taking advantage of unique conditions in the real estate market, and building upon the research efforts and procedural changes described in earlier sections, the Flynn Administration is demonstrating how it will solve Boston's abandoned property problem. The evolving strategy rests upon:

- o increasing resources available for activities throughout the City
- o drawing upon the expertise and commitment of local groups
- o targeting and planning programs and activities

Increasing Resources Throughout the City

Even though the abandonment problem in Boston is large, it is manageable. City resources are too limited, however, to renovate all abandoned properties; attracting other public resources is essential. The Flynn Administration has therefore worked to involve other public agencies in solving the City's abandoned property problems, rather than trying to do the job alone. Working closely with state officials has led to Boston "set-asides" in state programs, compatibility between state and city program goals, and intergovernmental coordination on high-priority projects. This cooperative spirit has already produced successful collaborations with the Massachusetts Housing Finance

Agency (MHFA), the Massachusetts Government Land Bank, and the Executive Office of Communities and Development, among others. These program partnerships have resulted in the allocation of greater resources for renovating abandoned property.

As the following examples show, creative partnerships between city and state agencies have made available the necessary incentives to rehabilitate long-abandoned properties.

Example: 37 Lambert Street, Roxbury

The First-Time Homebuyer Program enabled a new home owner to purchase a single-family home which had been foreclosed by the City. Built from distinctive "Roxbury Pudding Stone," the building on 37 Lambert Street in Roxbury had been vacant and abandoned for several years. Renovation of this property was made possible by combining below-market rehabilitation loans from NDEA and mortgage loans from MHFA. The combination of financial incentives provided by MHFA and NDEA not only made the project economically feasible, but also packaged, in one program, all funding necessary to make the project work. In total, MHFA has set aside \$3 million for Boston in the 1984-1985 program year to be available for below-market interest rate mortgages to new home buyers in Boston.

In many other cases, the City has successfully combined its innovative financing programs with those of other state and federal agencies to rehabilitate specific abandoned properties.

Example: Fenway Little City Hall

The rehabilitation of the former Fenway Little City Hall building in the Fenway neighborhood of Boston combines city, state and federal resources to make the project possible. The Fenway Community Development Corporation (FCDC), OKM Associates and Abrams Management Corporation are rehabilitating the vacant Little City Hall building into a forty-seven unit housing cooperative. Fifty percent of the units will be available to low and moderate income residents.

This cooperative effort began when the BRA and PFD agreed with local groups that the building should be developed for low and moderate income use, and designated this neighborhood based group as the developer. The NDEA provided FCDC with a Management Assistance Program grant to fund a staff person to work on the development of the building. The City and the FCDC applied for a rehabilitation grant from HUD under the new Housing Development Action Grant (HODAG) program. The Little City Hall was recently awarded a \$1.28 million HODAG which will be combined with an \$850,000 loan from the State of Massachusetts Government Land Bank and a \$300,000 loan from NDEA's LEND Program in addition to other financial resources.

This coordinated allocation of resources and agency efforts will turn a vacant building into a much needed housing resource for low and moderate income residents in a Boston neighborhood facing sever pressures from gentrification and condominium conversion.

Drawing Upon the Expertise and Commitment of Local Groups

The degree of abandonment varies throughout Boston's neighborhoods, but in every part of the City it is local residents who most acutely feel the effects of neighborhood abandonment. Whether it is one abandoned building in a row of well-kept townhouses in the South End or a block of abandoned structures and vacant lots in Franklin Field, neighborhood residents live with the litter and debris, the safety and health hazards, the diminished "livelability" of their street. Neighborhood-based groups, whether unorganized neighborhood residents, an area home owner's association, a community development corporation, or a merchant's association, bring dynamism, creativity, and a wealth of knowledge in their efforts to eliminate abandonment in their neighborhood.

Local efforts to contain and eliminate abandonment are emerging as a critical element in the Flynn Administration's overall approach to this problem. Neighborhood groups are able to closely monitor local abandonment and solicit the City's help. They can work with the Inspectional Services Department on safety and code violations, with the Arson Prevention

Commission on identifying potential arson targets, with Real Property and Public Facilities on designing development guidelines for disposing of specific parcels, and with the NDEA and BRA on financing the reuse of neighborhood land and buildings. Indeed, neighborhood groups often take the first steps in rehabilitating abandoned buildings in their neighborhoods by effectively making use of the City's programs and procedures.

Example: Cedar Street, Roxbury

The farsightedness and perseverance of neighborhood residents, working with responsive city agencies, saved a block of nine historic marble-fronted, row houses in Roxbury. These properties had been abandoned for several years. The sidewall on one building, 28 Cedar Street, showed early signs of collapsing. Neighborhood residents feared the demolition of not just one structure but the entire block. They formed the Marble Front Task Force and obtained a court injunction to stop the demolition.

The City then embarked on a process that included: achieving rapid site control through foreclosure; coordinating title transfer through the efforts of the Real Property and Public Facilities Departments; and transferring ownership to a neighborhood development corporation which received funds from NDEA for the rehabilitation of the buildings. Today there is scaffolding on the buildings, construction is underway, and a critical corner of Roxbury has been saved.

In another example, resident's knowledge of the local housing market helped the City make a sound decision in redeveloping property through NDEA's Urban Homesteading program.

Example: 29-31 Homestead Street, Roxbury

The Roxbury Multi-Service Center owned this six-unit building which had been vacant for over seven years. The Multi-Service Center sought financing from the NDEA to renovate the structure. The conventional option was to split the building into two dwellings, each with three units. The cost of doing so, however, was prohibitively high. More important, the neighborhood opposed creating more rental units because many investor-owned buildings in the area were currently deteriorated.

In response, the Roxbury Multi-Service Center and NDEA developed a plan to convert the building into six affordable condominiums. Using subsidized financing from NDEA's Homesteading program, the Multi-Service Center was able to make the units affordable to low- and moderate-income buyers.

The function of local efforts is not limited to providing information on neighborhood housing conditions or advising on neighborhood development priorities. There are many examples in which community groups have successfully used innovative and responsive City programs to develop abandoned property and manage the completed units. Neighborhood-based development groups seek to redevelop property in ways that maximize community benefits; these groups typically promote local control or ownership, affordable housing for area residents, and neighborhood-scale design. The Flynn Administration believes that combining the unique perspective of neighborhood groups with the technical expertise and financial resources of private developers creates strong, skilled development teams.

Example: Champlain Circle, Codman Square

The Codman Square Housing Development Corporation (HDC), a neighborhood-based, non-profit developer and the Green Company, a large private residential developer, have combined forces to create a twenty-one unit townhouse development on the vacant site of the former Champlain School. The HDC worked closely with the Green Company to plan, design, and oversee the construction of these new townhouses. Using funds from NDEA's Manufactured Housing Initiative, this development will contain seven buildings, each with three, two-bedroom townhouses. Each two-bedroom unit will be sold as a single home. The low density townhouse design complements the predominantly single-family residential neighborhood around Codman Square. This is the first new construction in Codman Square in many years.

NDEA has provided about \$13,000 in CDBG subsidies for each home. The NDEA subsidy, coupled with MHFA below market mortgage financing, will permit long-time neighborhood residents to buy these homes at a price well below the market average.

Example: The Boston Housing Partnership (BHP)

The Boston Housing Partnership is a collaboration of private financing institutions, city and state agencies, and community organizations designed to reduce housing deterioration and abandonment and to increase the supply of affordable rental housing. The BHP seeks to achieve these goals by tapping the dynamism and creativity of community-based groups and by assembling necessary financing. The BHP makes these financial resources available to neighborhood organizations that want to operate local housing. In this way, the BHP assists and stimulates neighborhood efforts to restore affordable housing and maintain decent living conditions.

The BHP challenged neighborhood organizations to identify key abandoned buildings in their neighborhoods and to prepare financial plans for the building's reuse. From fourteen proposals submitted, totalling 1061 units, the BHP selected nine community groups to rehabilitate over 700 substandard units City-wide, over one-third of which are currently abandoned. The community groups will own the buildings, supervise construction, and manage the finished developments. By capitalizing on the strengths of community organizations, the BHP ensures that the process of rehabilitating abandoned property is undertaken by those groups with a long term commitment to the neighborhood.

Targeting and Planning Programs and Activities

Even with the active use of state and federal programs and the reliance on private initiatives, the City has scarce resources to apply to abandonment. In order to increase the impact of the tools that it has, the Flynn Administration is developing a policy of targeting programs and activities to high priority areas. High priority areas are likely to be those suffering from a lack of private investment and a combination of problems including crime, unemployment, physical deterioration, and abandonment. At the same time though, the potential for economic growth in these areas creates opportunities for the City to eliminate abandonment by influencing private investment decisions. By focusing low interest rehabilitation loans, reduced sales prices for city-owned property, and public improvements in target areas, the City

can enhance an area's potential marketability, thus attracting private investment. Doing so means getting more money to tackle abandonment. As the perception of the market improves in a target area, abandoned buildings and vacant land become attractive to investors and can be turned into opportunities for meeting community needs.

The City will be working closely with neighborhood groups, lending institutions, and developers to put together a strategy to rehabilitate the abandoned buildings in each neighborhood. The strategy will involve targeting resources and developing specific goals for properties in each area. By looking at neighborhoods, rather than parcels in isolation, the City can use its resources to create a decisive impact. The goal is to revitalize and restore confidence in these neighborhoods.

V. SUMMARY

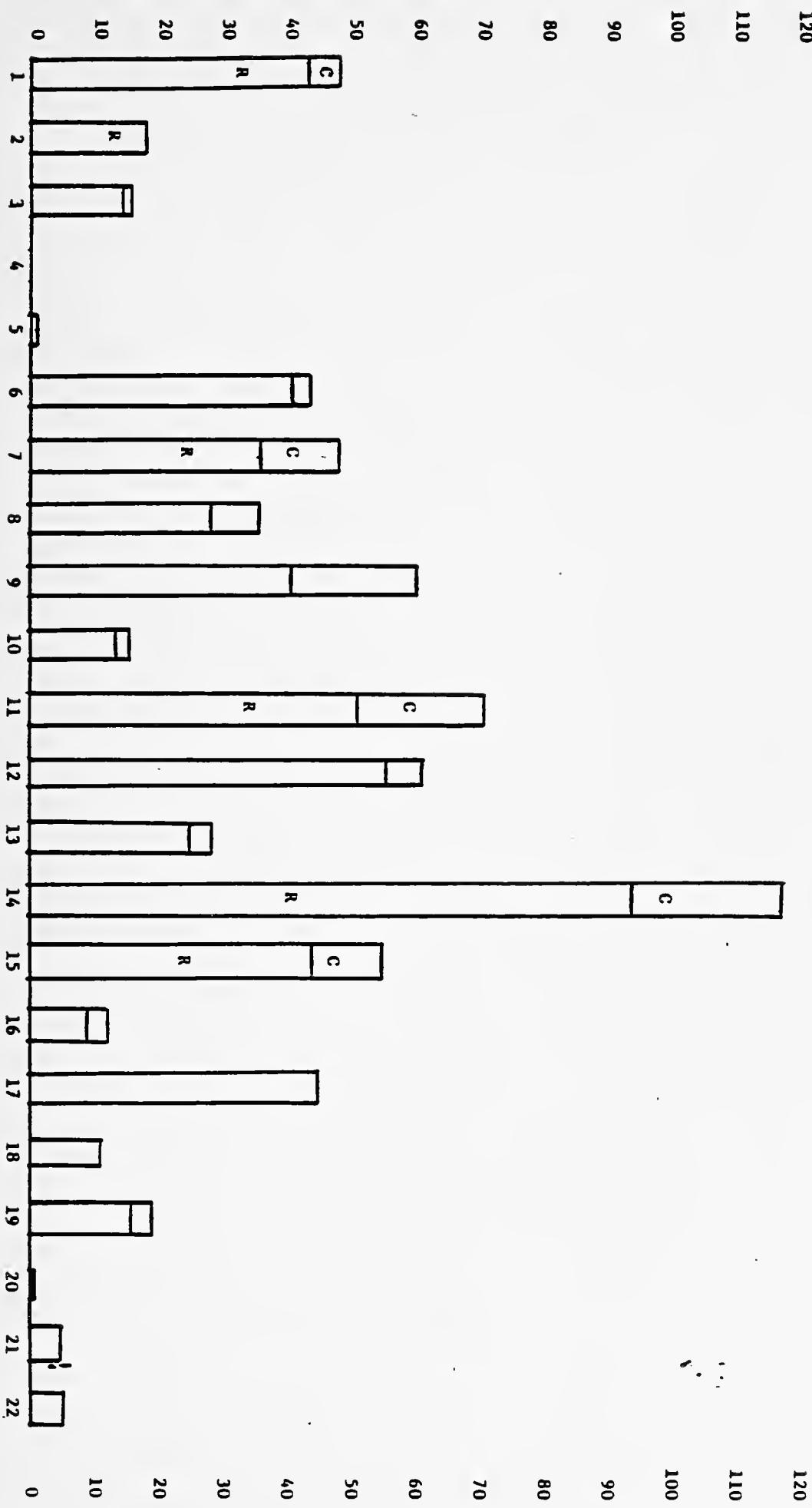
As this report shows, the Flynn Administration is working to eliminate abandonment with an approach that recognizes the diversity of the problem. The examples tell a story of the City's ability to operate flexibly in meeting the varying needs of residents, community groups, and the private sector. They also demonstrate the City's capacity to seize opportunities as they arise, rather than responding with delays or excuses. By taking the initiative, the Flynn Administration has capitalized on the creative endeavors of community groups, other public agencies, and the private sector. In the coming months the Administration will:

- o further the research and mapping of abandonment to determine which sub-neighborhood areas of the City contain the greatest number of abandoned buildings and vacant lots
- o perform detailed analyses of these sub-areas to determine the status of all abandoned properties and to identify their reuse potential
- o actively seek involvement of community groups and neighborhood residents in examining their neighborhoods
- o formulate a comprehensive plan which significantly reduces abandonment in the next three years

These steps build upon and extend the successes the Administration has had in its first year. The challenge now is turning these individual successes into a system that brings about a comprehensive solution to abandonment in Boston.

APPENDICES

ABANDONED RESIDENTIAL AND COMMERCIAL BUILDINGS BY WARD



VACANT BUILDINGS BY WARD - 1984

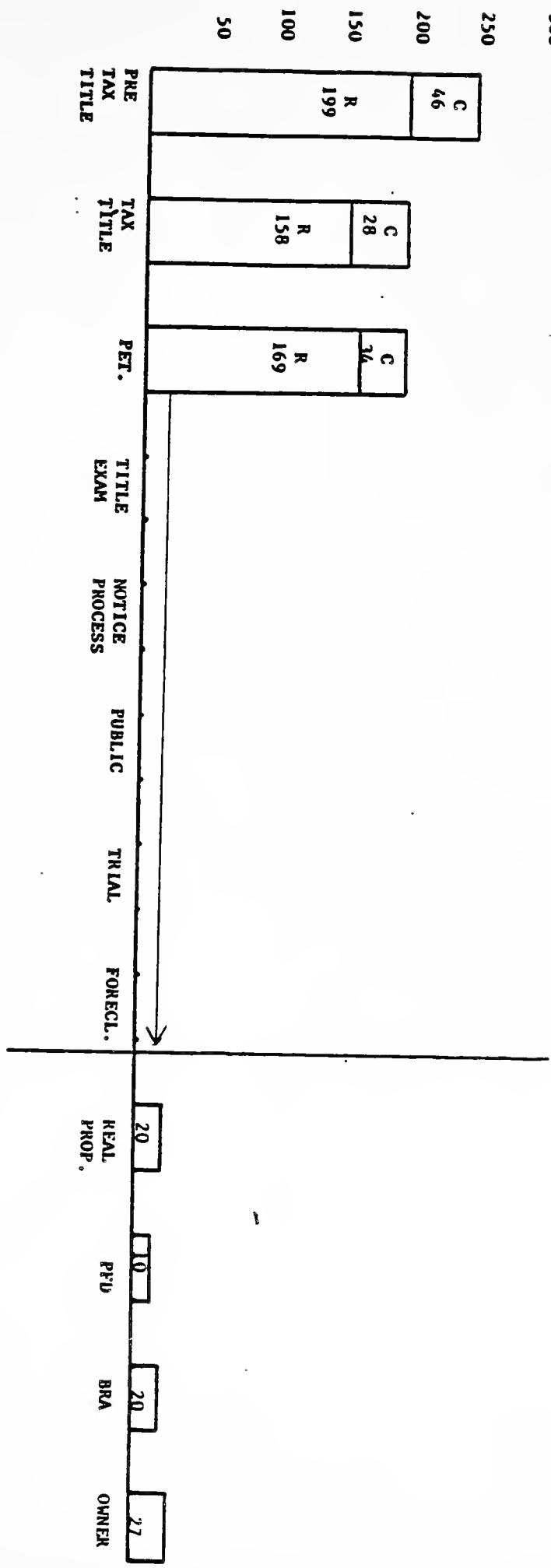
<u>Ward</u>	<u>Residential</u>	<u>Commercial</u>	<u>Total</u>
1	43	5	48
2	16	0	16
3	11	1	12
4	0	0	0
5	1	0	1
6	42	6	48
7	36	16	52
8	29	11	40
9	47	21	68
10	15	2	17
11	59	22	81
12	63	6	69
13	25	5	30
14	113	24	137
15	48	12	60
16	11	4	15
17	49	3	52
18	8	0	8
19	19	3	22
20	1	0	1
21	5	0	5
22	5	0	5
	<hr/> 646	<hr/> 140	<hr/> 787

FORECLOSURE PROCESS

<u>Step</u>	<u>Time</u>	<u>Who Acts</u>	<u>What Happens</u>
Demand	14+ days	Collector-Treasurer	taxes not paid by due date, demand notice sent
Tax Taking	6-12 months	Collector-Treasurer	<p>30 days after taxes for fiscal year are due, City automatically records a Tax Taking in Register of Deeds.</p> <p>6 months MUST elapse between the Tax Taking and filing for a foreclosure petition. If taxes are paid, there is no further action.</p> <p>in FY 1984 about 4,000 tax takings were registered; about 2,500 reached petition state; about 1,900 had petitions filed.</p>
Foreclosure Petition	3-4 days	Tax Title Division	Tax Title Div. files foreclosure petition in Land Ct.; fee of \$155 per parcel must be paid.
Title Exam	1-3 months	Land Court Examiner	a 20 year "mini abstract" (title search) by a Land Court certified examiner identifies those who must be notified of foreclosure.
Notice	5 mos. backlog + 3 mos. + 20 days	Tax Title then Land Court	<p>Tax Title Div. supplies addresses of interested parties as needed. Land Court then notifies interested parties:</p> <p>a. by certified mail--if returned must be remailed;</p> <p>b. by Deputy Sheriff if mail refused (add 1 month);</p>
Publication	2 weeks- 2 mos.		<p>Publication is required if:</p> <p>a. no probate for interested party;</p> <p>b. location of interested party is unknown; or</p> <p>c. corporate property owner no longer exists.</p>

<u>Step</u>	<u>Time</u>	<u>Who Acts</u>	<u>What Happens</u>
Default or Trial	2 mos.+	Tax Title then Land Court	Tax Title Div. verifies that all notification is complete, then: a. if the action is UNCONTESTED, moves for general DEFAULT; b. if the action is contested, requests a TRIAL date.
Decree Issued		Land Court	City takes title to property after default or successful trial.
Petition to Vacate Decree	up to 1 year	Prior Owner	If prior owner offers to pay back taxes, Land Court rules on whether to nullify the foreclosure.





HOUSE No. 6374

Text of amendment offered by Mr. Galvin of Boston, to the Senate Bill providing for an expedited procedure relative to abatements of taxes on certain abandoned real property (Senate, No. 2208). December 19.

The Commonwealth of Massachusetts

In the Year One Thousand Nine Hundred and Eighty-Four.

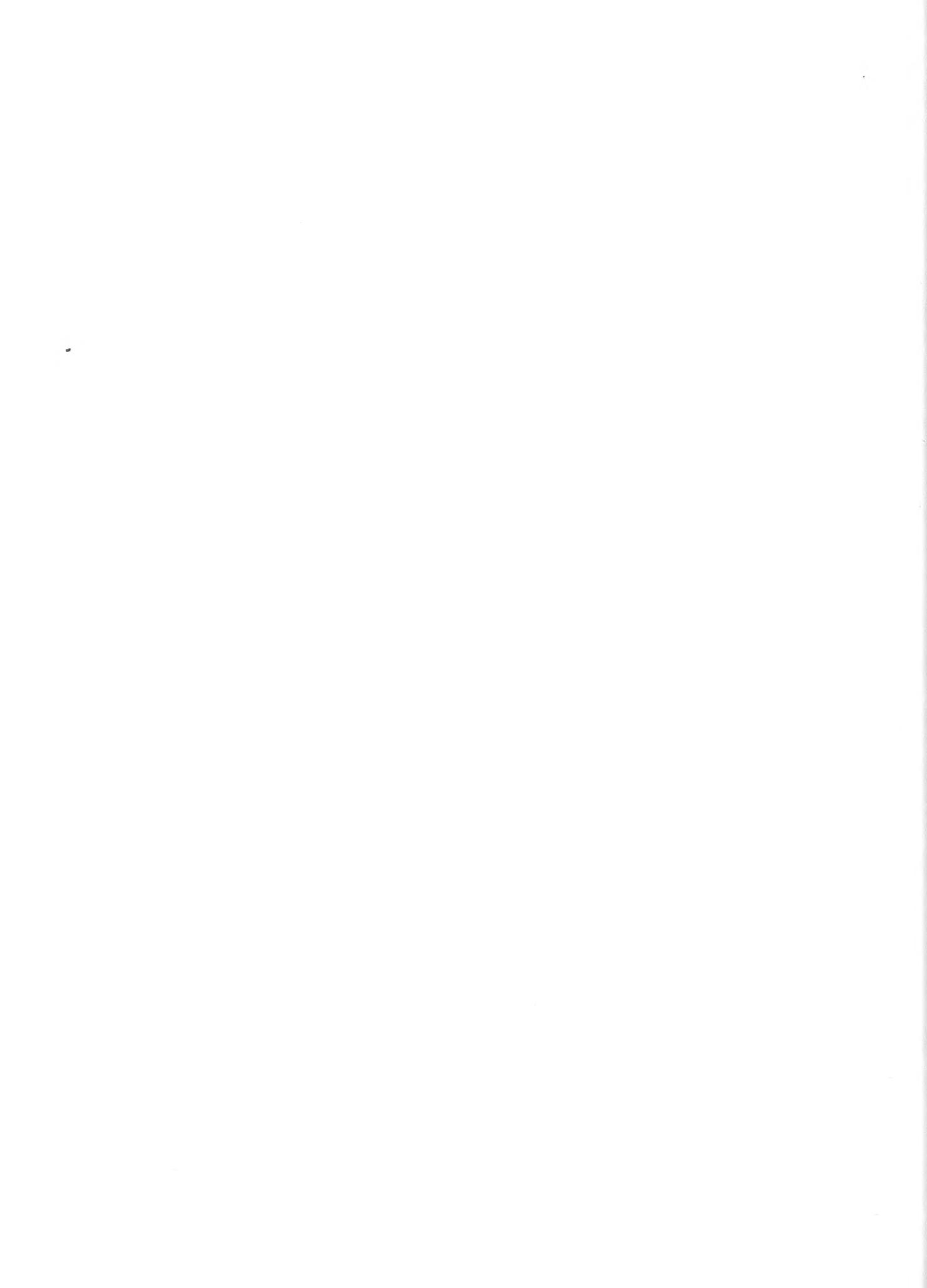
Striking out all after the enacting clause and inserting in place thereof the following:

1 "SECTION 1. Section 8 of chapter 58 of the General Laws is
2 hereby amended by adding the following two paragraphs:
3 The commissioner shall make, and from time to time revise, such
4 rules and regulations necessary for establishing an expedited
5 procedure for denying or granting authority to abate petitions
6 under this section for abandoned residential property as defined in
7 General Laws Chapter 60, section 1, of six units or less that are
8 proposed to be rehabilitated into six units or less, and further, no
9 property shall be eligible for this expedited process on which no
10 residential structure of any kind now stands or no fragment thereof
11 remains above ground level. Said rules and regulations shall
12 include, but not be limited to, the following:
13 1) an informal hearing on an abatement petition; 2) a procedure
14 for a petitioner to request a rehearing if an application is denied; 3)
15 information submitted with the abatement petition including reha-
16 bilitation plans for the property and a statement as to how such
17 abatement will benefit the municipality; 4) limitation of 15 units
18 irrespective of the number of parcels in which they are contained
19 and, further, in determining the said number of units the commis-
20 sioner shall provide that the determining number of units shall be
21 the number of legal units last appearing on the Certificate of
22 Occupancy for said parcel to be rehabilitated per year by the same
23 developer including all parcels in which a developer has a beneficial
24 or equitable interest except a community development corporation
25 as set forth in section 1 of Chapter 40F or any other non profit
26 business entity.

27 Upon the written request of the chief executive officer and the
28 assessors or the board or officer responsible for assessing of a city
29 or town, the commissioner may from time to time for two year
30 periods authorize such assessors or board or officers to grant
31 abatements for abandoned residential property of six units or less,
32 that are supposed to be rehabilitated into six units or less: pro-
33 vided, that the commissioner has approved, in writing, the plan
34 and procedures pursuant to which such assessors or board or
35 officer shall grant or deny the abatement petition; provided, furth-
36 er that prior to granting an abatement the assessors or board or
37 officer shall certify, in writing, under pains and penalties of perjury
38 that such procedures have been followed; and provided further
39 that the commissioner shall conduct yearly post audit of such
40 abatements by assessors or boards or officers as he deems neces-
41 sary to ensure that any authority granted under this paragraph has
42 been properly exercised, and shall withdraw any such grant of
43 authority upon his written finding that the authority has been
44 improperly exercised. The commissioner may make, and from time
45 to time revise, such reasonable rules and regulations consistent
46 with provisions of the preceding paragraph as he deems necessary
47 to carry out the provisions of this paragraph.

1 SECTION 2. Section 65 of Chapter 60 of the General Laws
2 chapter 345 of the acts of 1978 is hereby amended by striking out the
3 last sentence and inserting in place thereof the following
4 sentences: The land court in each petition filed by a city or town
5 may, upon motion, order the payment of legal fees to a city or town,
6 which amount shall be added to the tax title account of the land to
7 which the right of redemption is being foreclosed; provided, how-
8 ever, that such legal fees shall not exceed five hundred dollars; in no
9 event shall the legal fees awarded exceed the actual costs incurred
10 and the judge shall consider the taxpayer's ability to pay said fees in
11 any such fee award.

1 SECTION 3. Section 69A of chapter 60 of the General Laws,
2 inserted by section 2 of chapter 226 of the acts of 1945, is hereby
3 amended by adding the following sentence: If said foreclosure
4 petition was filed for an unoccupied or abandoned building as set
5 forth in sections 1 and 81A and no petition to vacate a decree of



6 foreclosure entered under section sixty-nine and no proceedings at
7 law or equity for reversing or modifying such a decree shall be
8 commenced by any person other than the petitioner except within
9 ninety calendar days after the final entry of the decree, or within one
10 year of the final entry of the decree, if the decree was entered prior
11 to the effective date of this section. For any decree relating to a
12 property which stands in the name of a deceased person or person
13 under guardianship or conservatorship, a petition may be
14 maintained for reversal or modification of such decree up to one
15 year from the date of decree.”.

RETAP GUIDELINES

Comparison of New and Old RETAP Guidelines

New - 1984

1. No longer 2-tiered system - all abatements based on economic feasibility of project.
2. Owner occupants and non-profit organizations can apply and own property (non-profits pay full tax value).
3. No municipal lien certificate required.
4. Increased range of recommended acquisition costs to reflect diversity of City's values - Commissioner retains right to impose penalty for overpayment.
5. Abatement history required for internal purposes only
6. Special consideration for owner-occupants of low income with respect to size of abatement request, i.e. in certain cases need would be criteria for abatement as well as economic feasibility.
7. Income and expense statements necessary for properties 5 units or larger.
8. Verification of prospective owner's income only necessary to demonstrate need as noted in provision #6.
9. Tighter time frames for Assessing Department processing.
10. Special notification process by Assessing Department for interdepartmental coordination.
11. Applicant afforded option of formal request for information to discuss Department of Revenue decision.
12. Department to be responsible for survey and providing updated recommended acquisition costs based upon prevailing neighborhood values.

Old - 1983

1. Basic 50% abatement - only extraordinary circumstances afforded larger abatement request.
2. Only owner-occupants or non- profits which transfer to owner-occupants.
3. Municipal lien certificate required.
4. Penalty imposed for acquisition exceeding nominal purchase price.
5. Abatement history required.
6. No such provision in the past.
7. Income and expense statements for all properties required.
8. Verification of prospective owner's income required in all cases.
9. 60 day turnaround.
10. No such provision in the past.
11. No such provision in past.
12. No such provision in past.

13. No recapture agreement - strong policy statement relative to fraud and speculative activities, no special deed restrictions.

13. Recapture agreement for 5 years.

RESIDENTIAL DEVELOPMENT PROGRAM
PROPOSAL RESPONSE REPORT

December 14, 1984

Since the Residential Development Programs inception in September of 1984, the Public Facilities Department, in cooperation with Real Property has advertised for sale, approximately 40 properties. PFD will also advertise 6 parcels of vacant land on December 16, 1984.

Regarding advertised properties, PFD has received a total of 200 proposals.

Disposition transactions have begun on all 37 properties and the status of these properties are as follows:

- I. Intent to Sell votes - A total of 5 Intent to Sell votes were taken by the Public Facilities Commission.
- II. Developer Designation - So far, 3 Developers have been designated. PFD will designate developers for the remaining projects within the next two months.
- III. Conveyances - to date, 1 conveyance vote has been taken on a parcel at 59 Bloomfield Street, Dorchester.
- IV. Re-Advertisement - 2 properties will be readvertised in future disposition ads.
- V. Proposals under consideration - The bulk of proposals received are currently in the consideration status. The PFD Real Estate staff is now in the process of selecting the most suitable proposals for 23 properties.
- VI. Reviewing Status 3 properties are being reviewed for their disposition feasibility in the Residential Development program.

The Public Facilities Department estimates that of the 37 properties advertised, 50% will be used for owner-occupied housing. The remaining 50% of the parcels consists of land only and PFD expects the majority of these properties to be used for construction of housing for low to moderate income families.

Finally, this program has enabled groups such as the Boston Indian Council and the FINEX House to purchase low cost property for public special interest use. The Residential Development Program has also catered to various abutters who wish to purchase abandoned property in order to rehabilitate or beautify their respective neighborhoods.

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